

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL**

FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER:

0 2 - 0 1 0

2. STATE:

Nebraska

3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL  
SECURITY ACT (MEDICAID)

4. PROPOSED EFFECTIVE DATE

October 1, 2002

TO: REGIONAL ADMINISTRATOR  
HEALTH CARE FINANCING ADMINISTRATION  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

5. TYPE OF PLAN MATERIAL (Check One):

☐ NEW STATE PLAN☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN☒ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:

7. FEDERAL BUDGET IMPACT:

a. FFY 2003 \$ 692,900 in savings

b. FFY 2004 \$ 870,000 in savings

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Att. 4.19-B Item 12a Pages 1-2

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION  
OR ATTACHMENT (If Applicable):

Att. 4.19-B Item 12a Pages 1-2

10. SUBJECT OF AMENDMENT:

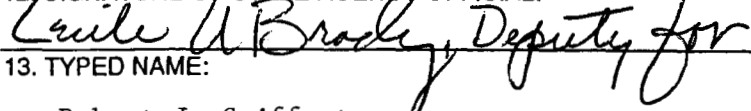
Prescription Drugs

11. GOVERNOR'S REVIEW (Check One):

☐ GOVERNOR'S OFFICE REPORTED NO COMMENT☐ COMMENTS OF GOVERNOR'S OFFICE ENCLOSED☐ NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL☒ OTHER, AS SPECIFIED:

Governor has waived review

12. SIGNATURE OF STATE AGENCY OFFICIAL:



13. TYPED NAME:

Robert J. Seiffert

14. TITLE:

Medicaid Administrator

15. DATE SUBMITTED:

12/26/02

16. RETURN TO:

HHS - F&amp;S

Attn. Margaret Froeschle

301 Centennial Mall South

S Medicaid Division

Lincoln, Nebraska 68509

**FOR REGIONAL OFFICE USE ONLY**

17. DATE RECEIVED:

12/27/02

18. DATE APPROVED:

MAR 07 2003

19. EFFECTIVE DATE OF APPROVED MATERIAL:

OCT 01 2002

20. SIGNATURE OF REGIONAL OFFICIAL:



21. TYPED NAME:

Thomas W. Lenz

22. TITLE:

RA for Medicaid &amp; Children's Health

23. REMARKS:

cc:

Seiffert

Curtiss

CO

BSG/DIATA

SPA CONTROL

Date Submitted: 12/26/02

Date Received: 12/27/02

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State Nebraska

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES

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PREScribed DRUGS

Federal Upper Limit (FUL): Certain multiple source drug products will have an upper limit of reimbursement assigned by the Federal Government. This limit is equal to 150 percent of the product's lowest price that is published in current national compendia of drug cost information. Additionally, at least three suppliers must list the product which has been classified by the Food and Drug Administration as category A in its most recent publication of Approved Drug Products with Therapeutic Equivalence Evaluations.

All pharmacies will be notified by the Nebraska Department of Health and Human Services Finance and Support as to which products the Medicaid Division has designated as FUL products and what their respective FUL values are.

State Maximum Allowable Cost (SMAC): Certain drug products available from multiple manufacturers will have a state maximum allowable cost designated by the Medicaid Division. The SMAC value is the cost at which the drug is widely and consistently available to pharmacy providers in Nebraska. The determination of which products are designated SMAC products is the direct responsibility of the Medicaid Division in conjunction with the Nebraska Pharmacists Association Medicaid Advisory Committee. Any individual or organization may at any time request a revision in a SMAC value directly from the Nebraska Department of Health and Human Services Finance and Support.

All pharmacists will be notified by the Nebraska Department of Health and Human Services Finance and Support as to which products have been designated as SMAC products and what their respective SMAC values are.

Estimated Acquisition Cost (EAC): All drug products, including the FUL/SMAC products, will be assigned an estimated acquisition cost. The EAC of any product will be the average wholesale price (AWP) less eleven percent. The Nebraska Department of Health and Human Services Finance and Support will be responsible for assigning the EAC values to all drugs. Any individual or organization may at any time request a revision in an EAC value directly from the Department.

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TN# MS-02-10

Supersedes

Approved MAR 07 2003

Effective OCT 01 2002

TN# MS-00-06

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT

State Nebraska

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES

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PRESCRIBED DRUGS (Continued)

Cost Limitations: The Nebraska Medicaid Drug Program is required to reimburse product cost at the lowest of:

1. Product cost (FUL, SMAC, or EAC) plus the appropriate dispensing fee(s);
2. The pharmacy's usual and customary charge to the general public; or
3. Payment levels for all drugs will not exceed, in the aggregate, upper levels of reimbursement established by federal code or regulation.

The FUL or SMAC limitations will not apply in any case where the prescribing physician certifies that a specific brand is medically necessary. In these cases, the EAC will be the maximum allowable cost.

Dispensing Fees

Retail Pharmacies:

1. "Assigned" Dispensing Fee: A dispensing fee is assigned by the Nebraska Department of Health and Human Services Finance and Support to each individual retail pharmacy and hospital pharmacy. The fee is calculated from the information obtained through the Department's prescription survey. The Department notifies each pharmacy of its dispensing fee. If a pharmacy accepts a lesser fee from any other third party program, the Department may adjust its assigned dispensing fee to reflect this variance in total charge.
2. "Dispensing Physicians: The Department assigns a dispensing fee to a dispensing physician only when there is no pharmacy within a 25-mile radius of the physician's place of practice.

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TN# MS-02-10

Supercedes

Approved MAR 07 2003 Effective OCT 01 2002

TN# MS-00-06